Clinton outlines health reform plan

by Linda Everett

Speaking before the National Governors Association in Tulsa, Oklahoma on Aug. 16, President Clinton presented for the first time a broad outline of his proposals for health care reform. While calling for bipartisan support for reforming the health care system, "which is the biggest outstanding culprit in the federal deficit," he warned that the country will be unable to compete in a global economy by the end of the decade unless it creates a system of universal health care coverage for Americans.

The President said that the plan should include "a system of managed care that maintains the private sector, organizes Americans in health alliances operated within each state, contains significant new incentives for prevention and for wellness, and against overutilization, and that has a budget" which, "ultimately, especially in the early years," must have "some limit." Insurance reform is necessary, the President said, and should include a basic package of benefits, community rating (by which premiums are based on the experience of a large community rather than that of a small group or individual), and pooling together of small employers to utilize the same premium breaks that larger employers have. Pointing out that clerical employment in health care grows four times faster than health care providers, the President called for massive cuts in paperwork.

Demand on employers draws fire

The proposal which most readily drew fire from both the Republican Party and the National Federation of Independent Businesses, which represents 600,000 small businessmen, was one which would require every employer to provide insurance coverage for employees. The employer mandate would require all employers to pay for 80% of employees' health care costs. To reduce its impact on small employers, it would be phased in over five to seven years and would limit what businesses employing four or fewer workers would pay for health care to no more than 3.5% of their payroll. Larger businesses would pay 7%. Clinton would also allow self-employed individuals to have 100% tax deductibility on health care premiums. Also, he would meld the health care costs of both the workers' compensation system and auto insurance system into his reform plan.

One long-range proposal which may be phased in over time is a provision for prescription drug benefits for low-income elderly who do not qualify for Medicaid. Similarly, the President called for more long-term care options so that elderly and disabled individuals can get the "least costly, most appropriate care." He added, "We must remove the institutionalized biases that are in the system now which keep a lot of people from having access to home care." This will sound heartening to many, but in fact this administration has already cut $54 billion out of both the Medicare and Medicaid programs, and that conservative House Democrats are now calling for $20-40 billion more in cuts in entitlements over the next five years in order to cut the deficit; altogether this may mean the plan is nothing more than another "deinstitutionalization" program, with the same horrific outcome as when mental facilities dumped hundreds of thousands of ill-equipped mentally ill onto the streets.

Of the thousands of words that described his plans, the President allowed a dozen to say we needed increases "in investment and research and technology."

While one or two of the basic items of Clinton's reforms might appear somewhat useful, the plan was presented without the harsh realities associated with it. For example, "managed care" plans and health maintenance organizations do not always provide basic preventive and primary care as the President says and the plans promise. A recent New York City Department of Consumer Affairs (DCA) study found major deficiencies among the city's well-established for-profit and not-for-profit managed care organizations and HMOs. Under the Freedom of Information Act, the DCA obtained the results of triennial investigations which the New York State Health Department conducts of HMOs, including Aetna, Empire's Blue Cross, Blue Shield's Healthnet, U.S. Healthcare, Cigna Health Plan, and others. Some of the insurers are big players nationally in the managed care industry under the Clinton reforms, yet, in some cases, more than half of the randomly picked medical records of the insurer "lacked evidence of primary care physician's oversight for continuity and management of care"; nearly two-thirds of the records lacked *any* baseline history and/or physical examination; two-thirds indicated the HMO never knew enrollees needed and received emergency treatment; half indicated patients were not told of diagnostic or lab tests results; some lacked any records of laboratory tests for known diabetics; and in one case, no inoculations, baseline exams, or tests were given for a three-year-old enrollee.

It also might be difficult for Americans to trust, as the President asks, "the private sector to allocate capital in ways that will make America most competitive," and (possibly) reinvest money saved on health care in more productive investment. This was, after all, the year when health insurers were hit with allegations of fraud, bankruptcies, and skyrocketing premiums due to speculative investments, obscene pay, bonuses, and privileges.

Despite the administration's willingness to take up this crisis, its overall plan appears to be a retooling of health care delivery to a lower level of care to fit our collapsing economy.